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## **CFLEADS**

### Audited Financial Statements

December 31, 2020

## **Independent Auditor's Report**

To the Board of Directors of  
CFLeads

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of CFLeads, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

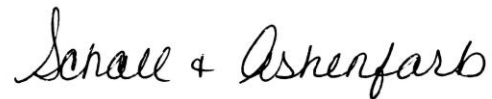
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CFLeads as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited CFLeads 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

October 1, 2021

**CFLEADS**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2020**  
(With comparative totals at December 31, 2019)

	<u>12/31/20</u>	<u>12/31/19</u>
<b>Assets</b>		
Cash and cash equivalents	\$3,098,996	\$4,644,970
Pledges receivable, net (Note 3)	1,937,615	2,228,267
Fees receivable	44,263	88,570
Prepaid expenses and other assets	<u>3,806</u>	<u>7,700</u>
 Total assets	 <u><u>\$5,084,680</u></u>	 <u><u>\$6,969,507</u></u>
 <b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$76,083	\$97,288
Paycheck Protection Program loan payable (Note 4)	95,265	0
Deferred revenue	<u>39,863</u>	<u>6,833</u>
Total liabilities	<u><u>211,211</u></u>	<u><u>104,121</u></u>
Net assets:		
Without donor restrictions	1,078,861	1,028,315
With donor restrictions (Note 5)	<u>3,794,608</u>	<u>5,837,071</u>
Total net assets	<u><u>4,873,469</u></u>	<u><u>6,865,386</u></u>
 Total liabilities and net assets	 <u><u>\$5,084,680</u></u>	 <u><u>\$6,969,507</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**CFLEADS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(With comparative totals for the year ended December 31, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 12/31/20</u>	<u>Total 12/31/19</u>
Public support and revenue:				
Contributions	\$430,167	\$1,100,000	\$1,530,167	\$7,432,780
Government grants			0	67,750
Fees (net of scholarships of \$6,800)	53,778		53,778	146,740
Other income	3,450		3,450	320
Return of grant funds		(47,049)	(47,049)	0
Net assets released from restriction (Note 5)	<u>3,095,414</u>	<u>(3,095,414)</u>	<u>0</u>	<u>0</u>
Total public support and revenue	<u>3,582,809</u>	<u>(2,042,463)</u>	<u>1,540,346</u>	<u>7,647,590</u>
Expenses:				
Program services	<u>3,127,343</u>		<u>3,127,343</u>	<u>2,042,391</u>
Supporting services:				
Management and general	387,541		387,541	163,522
Fundraising	<u>17,379</u>		<u>17,379</u>	<u>42,964</u>
Total supporting services	<u>404,920</u>	<u>0</u>	<u>404,920</u>	<u>206,486</u>
Total expenses	<u>3,532,263</u>	<u>0</u>	<u>3,532,263</u>	<u>2,248,877</u>
Change in net assets	50,546	(2,042,463)	(1,991,917)	5,398,713
Net assets - beginning of year	<u>1,028,315</u>	<u>5,837,071</u>	<u>6,865,386</u>	<u>1,466,673</u>
Net assets - end of year	<u><u>\$1,078,861</u></u>	<u><u>\$3,794,608</u></u>	<u><u>\$4,873,469</u></u>	<u><u>\$6,865,386</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**CFLEADS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(With comparative totals for the year ended December 31, 2019)

	Program Services			Supporting Services			Total Expenses 12/31/20	Total Expenses 12/31/19	
	Share Knowledge	Building Organizational Capacity	Galvanize Action on Issues	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$159,525	\$116,142	\$382,793	\$658,460	\$81,819	\$12,671	\$94,490	\$752,950	\$504,197
Payroll taxes and benefits	34,058	22,965	78,601	135,624	17,600	2,695	20,295	155,919	97,234
Professional fees	126,586	109,854	85,900	322,340	195,622		195,622	517,962	525,381
Occupancy	129	6,270		6,399	26,001		26,001	32,400	32,399
Meetings, travel and conferences	13,227	14,787	52,169	80,183	4,110	1,835	5,945	86,128	250,705
Grants	153,000		1,750,000	1,903,000			0	1,903,000	775,000
Information technology	140		1,828	1,968	43,196		43,196	45,164	14,576
Insurance	35	1,690		1,725	7,007		7,007	8,732	3,481
Office expenses	32	1,536		1,568	6,369	178	6,547	8,115	12,336
Project supplies	24			24			0	24	27,125
Bad debt expense		14,620		14,620			0	14,620	0
Dues and subscriptions	29	1,403		1,432	5,817		5,817	7,249	6,443
<b>Total expenses</b>	<b>\$486,785</b>	<b>\$289,267</b>	<b>\$2,351,291</b>	<b>\$3,127,343</b>	<b>\$387,541</b>	<b>\$17,379</b>	<b>\$404,920</b>	<b>\$3,532,263</b>	<b>\$2,248,877</b>

*The attached notes and auditor's report are an integral part of these financial statements.*

**CFLEADS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(With comparative totals for the year ended December 31, 2019)

	12/31/20	12/31/19
Cash flows from operating activities:		
Change in net assets	(\$1,991,917)	\$5,398,713
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Changes in assets and liabilities:		
Pledges receivable	290,652	(1,893,627)
Fees receivable	44,307	(79,365)
Prepaid expenses and other assets	3,894	(5,000)
Accounts payable and accrued expenses	(21,205)	47,709
Deferred revenue	33,030	(29,775)
Total adjustments	350,678	(1,960,058)
Net cash (used for)/provided by operating activities	(1,641,239)	3,438,655
 Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	95,265	0
Net cash provided by financing activities	95,265	0
 Net (decrease)/increase in cash and cash equivalents	(1,545,974)	3,438,655
 Cash and cash equivalents - beginning of year	4,644,970	1,206,315
 Cash and cash equivalents - end of year	\$3,098,996	\$4,644,970
 Supplemental disclosure:		
Taxes and interest paid	\$0	\$0

*The attached notes and auditor's report are an integral part of these financial statements.*

**CFLEADS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 1 - Organization**

CFLeads helps community foundations build strong communities by advancing effective practices, sharing knowledge, and galvanizing action on critical issues of our time.

CFLeads is a national not-for-profit network of community foundations offering conferences, forums, webinars, resources, structured intensive learning opportunities for foundation leaders, and consulting services to the community foundation field. In 2020, CFLeads engaged with more than 771 individuals representing 302 community foundations and their community partners.

The following are significant programs offered by CFLeads:

- **Share Knowledge:** Increase field understanding of the value of community leadership as a core organizing strategy for community impact; increase community foundation effectiveness by encouraging field-wide sharing of data and innovations; increase knowledge of issues, solutions, and opportunities for field-wide collaboration.
- **Building Organizational Capacity:** Build understanding of community leadership among community foundation board, senior staff, and partners; create strong peer connections among community foundations; influence the adoption of community leadership practices.
- **Galvanize Community Foundation Action on Critical Community Issues:** Build understanding among community foundations of critical issues facing communities; facilitate the adoption of internal practices at community foundations that increase external effectiveness on issues; spur collective action on issues of common concern.

CFLeads has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

**Note 2 - Significant Accounting Policies**

a. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting which is the process of recording revenue and expenses when earned or incurred, rather than when received or paid.



b. Basis of Presentation

Net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use. The Board of Directors has established an operating reserve. The purpose of the operating reserve fund is to ensure the stability of the organization in carrying out the mission, programs, employment, and ongoing operations of CFLeads. It is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding or uninsured losses. See Note 6 for details.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes, the passage of time or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Revenue Recognition

CFLeads follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-608 for recording contributions. Contributions are recorded at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques.

CFLeads follows FASB ASC 606 for recording fee income. The performance obligation is considered to be met when the services are performed. Fees received in advance of performing services are recorded as deferred income and will be recognized as income in the period earned.

Management assesses the collectability of all outstanding receivables based upon historical trends and experience with donors. Based on that review, management has concluded that all receivables are collectible. As such, no allowance for uncollectible accounts was deemed necessary.

d. Cash and Cash Equivalents

Management considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents for the accompanying statement of cash flows.

e. Concentration of Credit Risk

Financial instruments that potentially subject CFLeads to concentration of credit risk consist of cash which is placed with financial institutions that management deems to be creditworthy. At year end and at various times throughout the year, balances were in excess of insured amounts, however no losses were incurred due to bank failure.

f. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort as the basis:

- Salaries, payroll taxes and benefits
- Meetings, travel, conferences
- Information technology
- Insurance
- Office expenses

All other expenses have been charged directly to the applicable program or supporting services.

g. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

h. Donated Services

Donated services are recognized in circumstances where the service creates or enhances a non-financial asset or where those services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind. Board members and other individuals volunteer their time and perform a variety of tasks that assist CFLeads. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

i. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2019, from which the summarized information was derived.

j. Accounting for Uncertainty of Income Taxes  
 Management does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2017 and later are subject to examination by applicable taxing authorities.

k. New Accounting Pronouncements  
 FASB issued Accounting Standards Update (“ASU”) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the December 31, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the December 31, 2022 year, requires all leases to be reflected as assets and liabilities on the statement of financial position.

Management is in the process of evaluating the impact these standards will have on future financial statements.

**Note 3 Pledges Receivable**

Total pledges receivable are due as follows:

Year ending:	December 31, 2021	\$1,824,836
	December 31, 2022	87,779
	December 31, 2023	<u>25,000</u>
Total		<u>\$1,937,615</u>

Due to its immaterial nature, a discount to present value has not been recorded.

**Note 4 - Paycheck Protection Program Loan**

On May 1, 2020, CFLeads obtained a loan from the Small Business Administration (“SBA”) in the amount of \$95,265 through the Paycheck Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a two-year period, with a ten-month deferral of payments and interest will accrue at 1%.

CFLeads is treating the Paycheck Protection Program proceeds as a loan payable in accordance with FASB ASC 470. Under this treatment, the proceeds from the loan will remain as a liability until either the loan is forgiven by the SBA or CFLeads pays it off. Subsequent to year end, CFLeads applied for and received forgiveness from the SBA for the full amount of the loan.

**Note 5 - Net Assets With Donor Restrictions**

The following summarizes the changes in net assets with donor restrictions:

	<u>December 31, 2020</u>			<u>Balance 12/31/20</u>
	<u>Balance 1/1/20</u>	<u>Restricted Contributions</u>	<u>Released from Restrictions/ Return of Grant Funds</u>	
Program restrictions:				
Building Org. Capacity	\$325,554	\$800,000	(\$419,187)	\$706,367
Galvanize Action on Issues	<u>5,264,145</u>	<u>300,000</u>	<u>(2,575,904)</u>	<u>2,988,241</u>
Total program restrictions	5,589,699	1,100,000	(2,995,091)	3,694,608
Time restrictions	<u>247,372</u>	<u>0</u>	<u>(147,372)</u>	<u>100,000</u>
Total	<u>\$5,837,071</u>	<u>\$1,100,000</u>	<u>(\$3,142,463)</u>	<u>\$3,794,608</u>

	<u>December 31, 2019</u>			<u>Balance 12/31/19</u>
	<u>Balance 1/1/19</u>	<u>Restricted Contributions</u>	<u>Released from Restrictions</u>	
Program restrictions:				
Share Knowledge	\$0	\$71,700	(\$71,700)	\$0
Building Org. Capacity	100,537	397,750	(172,733)	325,554
Galvanize Action on Issues	<u>624,548</u>	<u>6,011,958</u>	<u>(1,372,361)</u>	<u>5,264,145</u>
Total program restrictions	725,085	6,481,408	(1,616,794)	5,589,699
Time restrictions	<u>0</u>	<u>247,372</u>	<u>0</u>	<u>247,372</u>
Total	<u>\$725,085</u>	<u>\$820,500</u>	<u>(\$1,616,794)</u>	<u>\$5,837,071</u>

**Note 6 - Net Assets Without Donor Restrictions - Board Designated Net Assets**

The Board of Directors has established an operating reserve as follows:

	<u>12/31/20</u>	<u>12/31/19</u>
Balance at beginning of year	\$428,139	\$303,139
Designations during year	<u>0</u>	<u>125,000</u>
Balance at end of year	<u>\$428,139</u>	<u>\$428,139</u>

**Note 7 - Liquidity and Availability of Financial Resources**

As part of its liquidity management plan, CFLeads operates its programs within a balanced budget and relies on restricted grants and contributions to fund its operations and program activities.

The following reflects financial assets at year end, reduced by amounts that are not available for general use because of donor-imposed restrictions and Board designations within one year of the statement of financial position date.

Cash and cash equivalents	\$3,098,996
Pledges receivable	1,937,615
Accounts receivable	<u>44,263</u>
 Total financial assets	 \$5,080,874
 Less amounts not available to be used within one year:	
Board designated operating reserve	(428,139)
Donor restricted contributions - time	(100,000)
Donor restricted contributions - purpose	<u>(3,694,608)</u>
 Financial assets available to meet cash needs for general expenditures within one year	  <u>\$858,127</u>

**Note 8 - Retirement Plans**

CFLeads offers all employees the option of participating in a 401(k) retirement plan; whereby, the employee can contribute pre-tax dollars up to statutory limits. All full-time employees over 21 years old are eligible after 6 months of service. CFLeads provides matching contributions at its discretion on an annual basis. Contributions to the plan by CFLeads totaled \$53,731 and \$33,556 during the years ended December 31, 2020 and 2019, respectively.

**Note 9 - Other Matters**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which CFLeads operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted, however supply chains remain impacted. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact cannot be quantified.

**Note 10 - Subsequent Events**

Management has evaluated the impact of all subsequent events through October 1, 2021, which is the date that the financial statements were available to be issued. No additional events have occurred subsequent to the statement of financial position date, through our evaluation date, that would require adjustment to or disclosure in the financial statements.